

**MINUTES
REGULAR MEETING
UTILITY SERVICE BOARD
OCTOBER 17, 2005**

The Regular Meeting of the Utility Service Board of the City of Jasper, Indiana, was held in the Council Chambers of City Hall in Jasper at 7:00 PM on Monday, October 17, 2005.

The meeting was called to order by Chairman Greg A. Krodel who presided.

UPON CALL OF THE ROLL, THE FOLLOWING WERE PRESENT:

Greg A. Krodel – Chairman
Mike Harder – Vice Chairman
Ken Sendelweck – Secretary
Jeffrey S. Theising – Water Commissioner
Edward J. Kreilein – Wastewater Commissioner
Alex Emmons – Gas Commissioner

ALSO PRESENT:

Jerry Schitter – Electric Distribution Manager
Windell Toby – Electric Generation Manager
Thomas A. Lents – Wastewater Manager
Michael A. Oeding – Gas & Water Manager
Kenneth R. Schultz – Business Manager
Sandy Hemmerlein – City Attorney

ABSENT:

Michael A. Schwenk – Electric Commissioner

PLEDGE OF ALLEGIANCE (A-20)

Chairman Greg Krodel led the Pledge of Allegiance.

APPROVAL OF MINUTES (A-27)

Chairman Greg Krodel presented the minutes of the September 19, 2005 regular meeting and the minutes of the September 26, 2005 special meeting and asked if there were any corrections or amendments.

Ken Schultz stated that he misspoke at both meetings and asked to make corrections to his statements on both sets of minutes as follows:

September 19, 2005 regular meeting: Page 73 under the heading of “Wastewater Drying Bed Project” the minutes read “Ken Schultz reminded the Board that we are accumulating money in our Plant Expansion Fund as a result of availability fees...” and Schultz asked for the minutes to be corrected to read “Ken Schultz reminded the Board that we are accumulating money in our Plant Expansion Fund as a result of connection fees...”.

Also, on Page 73 under the heading of “Interceptor Improvement Fund” the minutes read “Ken Schultz stated the Interceptor Improvement Fund is being funded by connection fees...” and Schultz asked for the minutes to be corrected to read “Ken Schultz stated the Interceptor Improvement Fund is being funded by availability fees...”.

September 26, 2005 special meeting: Page 77 under the heading of “Connection Fees” the minutes read “Ken Schultz stated the Wastewater Planning Committee has also been discussing the possibility of increasing the sewer connection fees from \$750 to \$950, which funds the Interceptor Improvement Fund, which in turn funds projects such as upgrading lift stations” and Schultz asked for the minutes to be corrected to read “Ken Schultz stated the Wastewater Planning Committee has also been discussing the possibility of increasing the sewer connection fees from \$750 to \$950, which funds the Plant Expansion Fund, which in turn funds projects such as upgrading the plant.”

Schultz said due to the miscommunication on his part, he talked to Mike Schwenk about his previous request for an estimate on how much money would be generated each year based on the new proposed rate, and Schwenk has since rescinded the request.

Mike Harder made a motion to approve the September 19, 2005 regular meeting minutes and the September 26, 2005 special meeting minutes as presented and as modified. Ed Kreilein seconded the motion. Motion approved, 6-0.

UPDATE – NEW SCADA SYSTEM – ELECTRIC DISTRIBUTION (A-118)

Jerry Schitter informed the Board that QEI has installed the new SCADA system and will return on Tuesday for training. The new system will be on-line on Thursday.

UPDATE – POWER PLANT MAINTENANCE (A-132)

Windell Toby informed the Board that the plant maintenance is going well and is winding down.

UPDATE – BOILER FEED PUMP (A-134)

Windell Toby informed the Board that the boiler feed pump would arrive at the plant on Wednesday and hopefully the plant would be back on-line by the middle of next week.

ELECTRIC PLANNING COMMITTEE REPORT (A-145)

Jerry Schitter stated the Electric Planning Committee did not meet during the past month.

UPDATE – MERIDIAN ROAD GAS EXTENSION PROJECT (A-147)

Mike Oeding informed the Board that Phase A of the Meridian Rd. gas extension project is complete. The fence was installed today and the station is up and running.

Phase B – plans will be finalized this winter and the work will be done next summer. The remaining work should be completed next fall.

CHEMICAL QUOTES FOR 2006 (A-173)

Mike Oeding informed the Board that he would be sending out letters for quotes to various chemical suppliers and would have the quotes available to be opened at the November meeting, with approval at the December meeting.

NEW EMPLOYEE AND PROMOTION (A-186)

Mike Oeding informed the Board that a new employee, David West, was hired as the new night operator, and Ernie Hinkle was promoted to Distribution Foreman as a result Denny Mehringer's retirement.

CORRPRO SERVICE AGREEMENT (A-195)

Mike Oeding presented the Corrpro Service Agreement for Board approval. He explained they are the company that inspects the cathodic protection systems on our water tanks.

Oeding outlined the prices as follows:

\$515 – South tank

No charge - Newton St. tank

\$1,085 – North tank

\$115 – North tank aviation light bulb replacement

Oeding said he would check if the South tank has a light, and if so, it would be also replaced at a cost of \$115.

Sandy Hemmerlein has reviewed the contract.

Jeff Theising made a motion to approve the Corrpro Service Agreement for \$515 for the South tank, no charge for the Newton St. tank, \$1,085 for the North tank, and \$115 for the North tank aviation light replacement, and \$115 for the South tank aviation light replacement, if needed. Ken Sendelweck seconded the motion. Motion approved, 6-0.

SKID STEER LOADER – GAS & WATER (A-260)

Mike Oeding informed the Board that he has chosen not to replace the skid steer loader as originally planned as a 2nd quarter capital expenditure item. Oeding said the loader did not have a lot of hours on it and the replacement machine would have been smaller.

GAS PLANNING COMMITTEE REPORT (A-272)

Alex Emmons, Chairman of the Gas Planning Committee, stated the committee did not meet during the past month.

WATER PLANNING COMMITTEE REPORT (A-273)

Jeff Theising, Chairman of the Water Planning Committee, stated the committee did not meet during the past month.

REPORT ON DRYING BED CONCRETE WORK QUOTE EVALUATION (A-277)

Tom Lents informed the Board that both drying bed concrete work quotes opened last month were too high. Lents explained they were both over \$50,000, which according to State requirements, the project would have to be advertised in the newspaper.

Lents recommended rejecting both quotes and he will put this project in his 2006 Capital Expenditure Plan and advertise for bids at a later date.

Ed Kreilein made a motion to reject the two quotes for the drying bed concrete work. Alex Emmons seconded the motion. Motion approved, 6-0.

APPROVAL TO PURCHASE REMAINING EQUIPMENT TO UPGRADE THE NORTHWOOD & PORTERSVILLE LIFT STATIONS (A-304)

Tom Lents presented a breakdown of the costs to complete the upgrade of the Northwood and the Portersville lift stations.

Lents stated the not to exceed cost of the Portersville lift station upgrade would be \$56,063.00, including \$7,763.00 for the pumps; and, the not to exceed cost of the Northwood lift station upgrade would be \$99,561.00, including \$48,149.00 for the pumps.

Lents said the lift stations should be upgraded by March, weather permitting.

Ed Kreilein made a motion to allow Tom Lents to order the remaining equipment for the Northwood and Portersville lift station upgrades as presented, including the low quotes for electrical parts and work from E & K Electric. Jeff Theising seconded the motion. Motion approved, 6-0.

Jeff Theising commended Tom Lents and anyone else involved for doing the research to reduce the lift station upgrade costs.

SKID STEER LOADER – WASTEWATER (A-456)

Tom Lents reported he has chosen not to replace the skid steer loader as originally planned as a 2nd quarter capital expenditure item because the price was too high.

WASTEWATER PLANNING COMMITTEE REPORT (A-465)

Ed Kreilein, Chairman of the Wastewater Planning Committee, stated since approval was obtained to order the remaining equipment for the Northwood and Portersville lift station upgrades, the committee now feels that the sewer extension request made for Windsong Estates can be granted.

Ed Kreilein made a motion to grant approval for Windsong Estates, consisting of not-to-exceed 96 lots, to connect to the City's wastewater system, with the condition that only 15 actual connections would be allowed prior to the completion of the Lift Station Expansion Projects at the Northwood and Portersville Road lift stations, and that Tom Lents shall notify Kerstiens Corp. and the Utility Business Office when said projects are completed and further connections are then allowed. The approval is also conditioned on the City of Jasper receiving annexations waiver(s) for the property. Mike Harder seconded the motion. Motion approved, 6-0.

Mayor Bill Schmitt stated that we found out from this request that we were at capacity and we needed the upgrades anyway, whether Windsong Estates was going to be developed or not, so we don't want anyone to get the impression that these upgrades, especially the Northwood upgrade, were to accommodate the Windsong Estates addition.

Mike Oeding presented a written request from Bart Kerstiens for an out of City water line extension to Windsong Estates and he recommended approving the request. Oeding explained the request was tabled from the August meeting.

Mike Harder made a motion to approve the water extension to 96 lots in Windsong Estates as requested, subject to receiving signed annexation waivers. Jeff Theising seconded the motion. Motion approved, 6-0.

Mayor Bill Schmitt stated that Mr. Kerstiens has made a vocal request for annexation and he would like to go on record saying that the City is interested in annexation and would like to provide the electric service to Windsong Estates.

APPROVAL OF RESOLUTION TO EXPAND PURPOSE FOR WHICH THE WASTEWATER PLANT EXPANSION & IMPROVEMENT FUND MAY BE USED (A-570)

Ken Schultz reminded the Board that at the last meeting he recommended increasing the sewer connection fees, thinking that they would fund certain projects, but because he was mistaken he is not concerned with increasing the connection fees any longer.

Schultz introduced Resolution #USB 2005-07, which recommends to the City Council, to expand the usage of the Plant Expansion & Improvement Fund to include high-pressure force main projects, which would allow us to utilize the money to fund the two high-pressure force mains that Tom Lents eluded to earlier, if he decides to proceed with them. The fund has accumulated to approximately \$1.25M.

Schultz explained the money is not being used because the current ordinance requires that the funds collected shall be used for expansion and improvement of non-conveyance facilities.

Ken Sendelweck made a motion to approve Resolution #USB 2005-07 as presented. Ed Kreilein seconded the motion. Motion approved, 6-0.

DISCUSSION ON WASTEWATER RATE STUDY (A-613)

Ken Schultz reported H. J. Umbaugh has completed the Wastewater rate study, which is required biennially by sewer bond ordinance.

Schultz said normally H. J. Umbaugh would be here to explain the study, but due to our reduced cost agreement, we were allowed one visit, either to a Board meeting or a Public Hearing, and he considers a Public Hearing a better utilization of their visit.

Schultz stated there are two things to consider in this rate study; the analysis of the rates and cost of service; and, the analysis of the East/Southwest project's debt service.

The study showed that total projected annual revenues of \$3,047,768 are not sufficient to cover the total projected revenue requirement of \$3,077,022. Schultz said the shortfall of \$29,454 by itself would not necessitate a rate adjustment.

The cost of service has two parts to it, the base rate and the flow charge. The base rate (fixed charge per month) generates revenue to cover fixed costs such as billing and collection, collection operation and maintenance, and collection capital cost. The flow charge (charge per cuft.) generates revenue through usage to cover variable costs such as treatment operation and maintenance and treatment capital costs. The analysis shows these two charges to be out of alignment (the base rate is low and the flow rate is high) and they need to be realigned in order to generate sufficient revenues to cover the appropriate fixed and variable costs. Schultz said it should be noted that the "out of alignment" condition did not happen overnight, but has been growing since the last rate adjustment in 1998. The last rate study performed in 2003 identified this condition, but because the Board deemed it non-critical at that time, it was decided to let it ride until the results of this year's rate study confirmed the growing inadequacy. If this "out of alignment" condition is not corrected, it will continue to be an increasing problem. Because of this analysis, a rate adjustment is recommended. The impact of the proposed rate adjustment on residential monthly bills, based on an average user (5,000 gallons or 667 cuft per month) would be an increase of 1 cent. Those using less than average would see slightly higher bills and those using more than average would see slightly lower bills.

The original monthly East/Southwest project debt service charge was calculated at \$29.95, spread over 241 participants, but additional connections have increased the number of participants to 248. Because of the additional participants, the debt service charge could now be reduced to \$29.13. However, funding of the Debt Service Reserve Fund, required by bond ordinance, will be fulfilled on June 30, 2006, and after that, the funds required from the participants will be lower, which in turn will allow a further reduction of the debt service charge to \$24.15.

Schultz recommended delaying the rate adjustment and the realignment by 6 months or until July 1, 2006, and delaying the small debt service reduction by 6 months to coincide with a larger reduction on July 1, 2006. If additional connections are made between now and when we introduce the ordinance, the debt service fee could be reduced further.

Schultz said if the Board agrees, he would bring a resolution to the Board in March 2006.

Alex Emmons made a motion to allow Ken Schultz to proceed with a resolution to present in March 2006. Ed Kreilein seconded the motion. Motion approved, 6-0.

Chairman Krodel commended H. J. Umbaugh for a professional job and thanked Ken Schultz for his work on the presentation.

FINANCE COMMITTEE REPORT & PRESENTATION OF CLAIM DOCKET (A-746)

Ken Sendelweck reported the Finance Committee had met and reviewed the claims on the Claim Docket.

The Finance Committee recommended approval of the claims as presented.

Jeff Theising made a motion to approve the claims as presented. Mike Harder seconded the motion. Motion approved, 6-0.

2006 CAPITAL EXPENDITURE PLANS (A-758)

Chairman Krodel reminded the managers that he would like their preliminary capital expenditure plans for 2006 ready for review at the November meeting, with approval to follow in December.

There being no further business to come before the Board, the meeting was adjourned at 8:02 PM upon motion by Jeff Theising and second by Mike Harder. Motion approved, 6-0.

Attest: _____
Secretary

_____ Chairman